



ELECTRICITY AND GAS
DISTRIBUTION SERVICES

Materiality Assessment Summary – 2020

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This report summarises a materiality assessment carried out for Powerco during 2020 as a result of findings from a prior assessment (See Appendix A). It is a foundation piece of work to inform Powerco's approach to sustainability. This work was intended to help form the core of a public facing sustainability information document and:

- Provide insights into the environmental, social and governance (ESG) factors that are important to both Powerco and its stakeholders.
- Identify future direction and any gaps in Powerco's sustainability practices.
- Establish a materiality issues matrix.
- Assist with planning and prioritising sustainability actions within the company.
- Comply with GRI (sustainability reporting) requirements.

Methodology (GRI 102-42, GRI 102-43)

The materiality assessment included:

1. A review of documents and media, including an analysis from industry peers.
2. An internal meeting with a selection of staff across the business to identify external stakeholder organisations and contacts to take part in an on-line survey. Stakeholders were selected based on whether Powerco had an existing relationship or were part of a group that we wished to gain feedback from.
3. Key informant interviews with senior Powerco Management.
4. External and internal on-line surveys.
5. An incentivised mass market customer survey collaborated through one of Powerco's retailers.
6. Formation of a materiality matrix to map what is important to Powerco and its stakeholders.

Identified stakeholders (GRI 102-40)

The table below shows the stakeholder groups that were identified, and the survey response levels from each.

Table 1: Stakeholder group and number of responses

Stakeholder group	N=	Stakeholder group	N=
Retail customers	284	System partners	1
Business customers	33	Generators	1
Contractors/ service providers	31	Iwi	0
Suppliers/ manufacturers	17	Emergency services	0
Investors	12	Millennial employees	20
Retailers	8	Powerco management and directors	15
Regulators	7	Tertiary institutions/ students	10
Industry bodies	6		
Community members	5		
Community advocates	3		

Summary of findings (GRI 102-44)

Materiality matrix

A materiality matrix is a tool to help visualise key material issues for a business.

The location of each issue is based on its importance to stakeholders and to Powerco. Plot points in the upper right corner indicate a higher level of value or importance to both internal and external stakeholders. The curved yellow line is used to show the material issues that are more salient to both groups and provides a starting point for reporting. Definitions for these material issues can be found in Appendix B.



Figure 1: Materiality matrix

The matrix shows that the following issues were of higher importance:

- Resilience to extreme weather and climate change.
- Price and reliability.
- Industry collaboration.
- Supporting New Zealand’s decarbonisation.
- Health and safety.
- Technology and innovation.
- Community engagement.
- Powerco’s carbon footprint.
- Workforce learning and development.
- A strong organisational culture.

Appendix A – Maturity Analysis

Before undertaking the materiality assessment, Powerco undertook a maturity analysis. This was used to compare the business' maturity, across a range of sustainability metrics, with other similar businesses.

The maturity analysis showed that:

- Powerco is strong on governance, management, vision and strategy.
- Clarity and readability of documentation, and stakeholder engagement are developing.
- Assurance and reporting frameworks are needing more development.

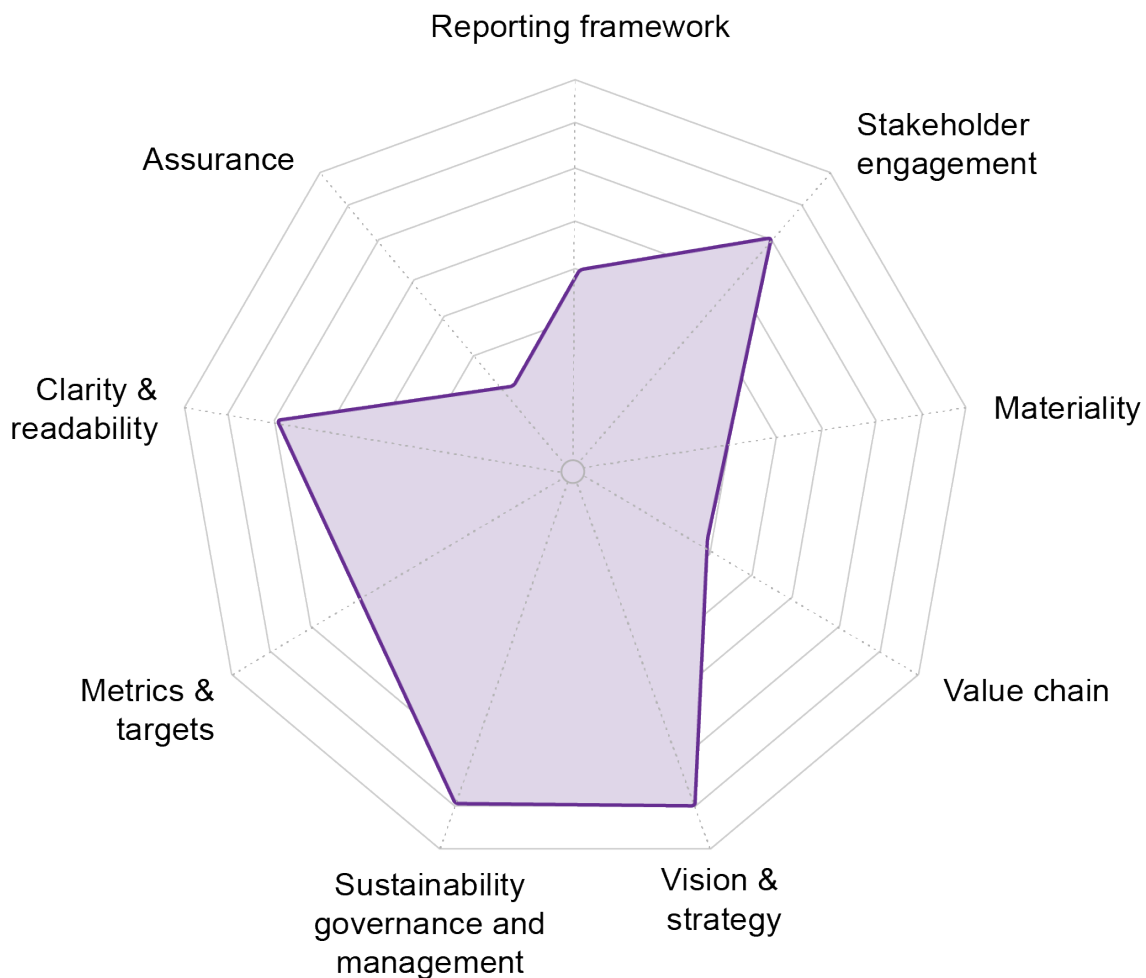


Figure 2: Powerco maturity analysis.

Definitions for these maturity issues can be found in the table below.

Identified Issue	Definition
Reporting framework	Sustainability goals are aligned with identified reporting metrics and targets such as the Sustainable Development Goals or the Living Standards Framework as a guide.
Stakeholder engagement	Relationships with stakeholders are expanded upon or initiated to include sustainability.
Materiality	Sustainability material issues are identified and defined.
Value chain	Suppliers, contractors and downstream energy users are engaged around sustainability initiatives.
Vision and strategy	Sustainability vision is clearly defined and is communicated with commitment from the board. Short and long term goals are reported.
Sustainability governance and mangement	Management and board commit to sustainable energy outcomes. Sustainability priorities, activities and how Management assesses performance is fully articulated.
Metrics and targets	Sustainability targets and objectives are clearly defined in key areas.
Clarity and readability	Current reporting is clear and concise.
Assurance	Assurance of sustainability work is undertaken to verfiy targets.

Appendix B – Materiality Issue Definitions

This report contains standard disclosures from the GRI Sustainability Reporting Guidelines. The table below maps the content of this document to the GRI disclosure requirements.

Identified Issue	Definition
Carbon footprint	Reduce Powerco’s emissions to better manage its carbon emissions.
Community engagement	Community engagement and partnerships with local business, iwi, community, government and non-governmental organisations (NGO) to solve common problems and support community prosperity.
Culture	Strong organisational culture for employees and contractors.
Health and Safety	Health and safety of the public and workers at Powerco work sites.
Industry collaboration	Proactive collaboration and engagement with industry peers and regulators.
Price	Focus on price and reliability, with minimal effort on other sustainability issues.
Resilience to extreme weather	Be resilient and adapt to natural disasters and the physical impacts of climate change.
Support NZ’s decarbonisation	Support decarbonisation and a transition to a low carbon economy so that energy is available when and where it is required by our customers.
Technology and innovation	Focus on price and reliability, with minimal effort on other sustainability issues.
Workforce learning and development	Invest in the learning and development of its people.